NOTIFICATION.

(LAW DEPARTMENT).

No LAW 86 LCA 62, dated Bangalore, the 1st October 1962

Ordered that the National Co-operative Development Corporation Act, 1962 (26 of 1962), which has been published in the *Gazette of India*, Extraordinary, Part II, Section 1, dated the 1st September 1962, be republished in the *Mysore Gazette*, for general information.

By Order and in the name of the Governor of Mysore,

S SRIPADARAJ,
Under Secy to Govt, L. D.

21

Assented to on 31st August 1962 — Act No 26 of 1962

THE NATIONAL CO-OPERATIVE DEVELOPMENT CORPORATION ACT, 1962 (26 of 1962)

AN

ACT

to provide for the incorporation and regulation of a corporation for the purpose of development of agricultural produce and certain other commodities on co-operative principles and for matters connected therewith

BE it enacted by Parliament in the Thirteenth Year of the Republic of India as follows —

1. Short title, extent and commencement —(1) This Act may be called the National Co-operative Development Corporation Act, 1962.

(2) It extends to the whole of India except the State of Jammu and Kashmir

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint

2 **Definitions** —In this Act, unless the context otherwise requires,—

(*a*) "agricultural produce" means any of the following classes of commodities, namely —

(*i*) foodstuffs, including edible oil-seeds,

(*ii*) cattle fodder, including oil-cakes and other concentrates,

(*iii*) raw cotton, whether ginned or unginned and cotton seed,

(*iv*) raw jute, and

(*v*) vegetable oils,

(*b*) "Central Warehousing Corporation" means the Central Warehousing Corporation established under section 17 of the Agricultural Produce (Development and Warehousing) Corporations Act, 1956 (28 of 1956),

(*c*) "co-operative society" means a society registered or deemed to be registered under the Co-operative Societies Act, 1912 (2 of 1912) or under any other law with respect to co-operative societies for the time being in force in any State, which is engaged in any of the activities specified in sub-section (1) of section 9 and includes a co-operative land mortgage bank,

(*d*) "Corporation" means the National Co-operative Development Corporation established under section 3,

(*e*) "notified commodity" means any commodity (other than agricultural produce) which the Central Government may, by notification in the Official Gazette, declare to be a notified commodity for the purposes of this Act, being a commodity with respect to which Parliament has power to make laws by virtue of entry 33 in List III in the Seventh Schedule to the Constitution,

(*f*) "prescribed" means prescribed by rules made under this Act,

(*g*) "Reserve Bank" means the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 (2 of 1934),

(*h*) " State Bank " means the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955),

(*i*) "year" means the financial year

3 Establishment of the National Co-operative Development Corporation —(1) The Central Government shall, by notification in the Official Gazette, establish with effect from such date as may be specified in the notification, a Corporation by the name of the National Co-operative Development Corporation which shall be a body corporate having perpetual succession and a common seal with power to acquire, hold and dispose of property and to contract, and may, in the said name, sue and be sued

(2) The head-office of the Corporation shall be in New Delhi

(3) The Corporation shall consist of the following members, namely —

(*i*) nine members representing the Central Government, to be nominated by that Government in such manner as may be prescribed,

(*ii*) one representative of the Reserve Bank, to be nominated by the Reserve Bank,

(*iii*) one representative of the State Bank, to be nominated by the State Bank,

(*iv*) one representative of the Central Warehousing Corporation, to be nominated by that Corporation,

(*v*) eight non-officials nominated by the Central Government of whom—

(*a*) one shall be a representative of the National Co-operative Union of India,

(*b*) two shall be persons who have special knowledge of rural economics and co-operations, and

(*c*) five shall be persons recommended by State Governments on a zonal basis in consultation

with non-official co-operative organisations in the States in accordance with rules made under this Act

(4) A member of the Corporation nominated by the Central Government may be nominated by virtue of office.

(5) There shall be a Chairman and a Vice-Chairman of the Corporation who shall be chosen from among the members in such manner as may be prescribed

4 Disqualifications for being a member of Corporation — A person shall be disqualified for being chosen as, and for being, a member of the Corporation —

(*i*) if he is, or at any time has been, adjudicated insolvent or has suspended payment of his debts or has compounded with his creditors , or

(*ii*) if he is or has been convicted of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months, unless a period of five years has elapsed from the date of expiry of the sentence , or

(*iii*) if he is a salaried official of the Corporation.

5 Term of office of members of Corporation —(1) The term of office of members of the Corporation and the manner of filling vacancies among members shall be such as may be prescribed

(2) Any member of the Corporation other than an *ex-officio* member may resign his office by giving notice in writing to the Central Government and on such resignation being accepted, he shall be deemed to have vacated his office

6 Removal from office of member, etc —The Central Government may, at any time, remove from office any member other than an *ex-officio* member of the Corporation after giving him a reasonable opportunity of showing cause against the proposed removal.

7 Meetings, etc , of Corporation.—(1) The Corporation shall meet at such times and places and shall, subject to the provisions of sub-sections (2) and (3), observe such procedure in regard to transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the Corporation under this Act

(2) The Chairman or, in his absence, the Vice-Chairman or, in the absence of both the Chairman and the Vice-Chairman, any member chosen by the members present from amongst themselves, shall preside at a meeting of the Corporation.

(3) All questions at a meeting of the Corporation shall be decided by a majority of votes of the members present and voting, and in the case of an equality of votes, the Chairman or, in his absence, the Vice-chairman or in the absence of both the Chairman and the Vice-Chairman, the person presiding shall have and exercise a second or casting vote

8. Officers and other employees of Corporation —(1) The Central Government shall, in consultation with the Corporation, appoint a person to be the Secretary of the Corporation.

(2) Subject to such rules as may be made by the Central Government in this behalf, the Corporation may appoint such other officers and employees as it considers necessary for the efficient performance of its functions

(3) The methods of appointment, the conditions of service and the scales of pay of the officers and other employees of the Corporation shall,—

(*a*) as respects the Secretary, be such as may be prescribed , and

(*b*) as respects the other officers and employees, be such as may be determined by regulations made by the Corporation under this Act.

9. Functions of Corporation.—(1) Subject to the provisions of this Act, the functions of the Corporation shall be

to plan and promote programmes for the production, processing, marketing, storage, export and import of agricultural produce and notified commodities through co-operative societies

(2) In particular and without prejudice to the generality of the foregoing provision, the Corporation may—

(*a*) advance loans or grant subsidies to State Governments for financing co-operative societies and for employment of staff for implementing programmes of co-operative development,

(*b*) provide funds to State Governments for financing co-operative societies for the purchase of agricultural produce and notified commodities on behalf of the Central Government,

(*c*) plan and promote programmes through co-operative societies for the supply of seeds, manures, fertilizers, agricultural implements and other articles for the development of agricultural produce.

(3) The Corporation shall so exercise its functions under this section as not to interfere with the activities of the Khadi and Village Industries Commission established under the Khadi and Village Industries Commission Act, 1956 (61 of 1956).

10 Executive Committee of Corporation —(1) There shall be an Executive Committee of the Corporation which shall consist of the following members, namely .—

(*a*) the Vice-Chairman of the Corporation,

(*b*) three members nominated by the Central Government in such manner as may be prescribed, from among the members of the Corporation referred to in clause (i) of sub-section (3) of section 3,

(*c*) the representative of the Reserve Bank nominated under clause (ii) of sub-section (3) of section 3,

(*d*) two members nominated by the Central Government from among the members of the Corporation referred to in cluase (v) of sub-section (3) of section 3

(2) (*a*) The Vice-Chairman of the Corporation shall be the Chairman of the Executive Committee

(*b*) The Vice-Chairman of the Executive Committee shall be nominated in such manner as may be prescribed, from among the members referred to in clause (b) of sub-section (1).

(3) Subject to the general control, direction and superintendence of the Corporation, the Executive Committee shall be competent to deal with any matter within the competenee of the Corporation.

(4) The Executive Committee shall meet at such times and at such places and shall observe such procedure in regard to transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the Corporation under this Act

(5) The Minutes of every meeting of the Executive Committee shall be laid before the Corporation at its next following meeting

11. Other committees The Corporation may constitute such other committees for general or special purposes as it deems necessary for the efficient performance of its functions under this Act

12. Grants by the Central Government to Corporation The Central Government shall, after due appropriation made by Parliament by law in this behalf, pay to the Corporation—

(*a*) by way of grant each year, such sum of money as is required by the Corporation for giving subsidies to State Governments and for meeting its administrative expenses, and

(*b*) by way of loan, such sum of money on such terms and conditions as the Central Government may determine.

13. Corporation to maintain fund (1) The Corporation shall maintain a fund called the National Co-operative Development Fund (hereinafter referred to as the Fund) to which shall be credited—

(*a*) all moneys and other securities transferred to it under clause (a) of sub-section (2) of section 24,

(*b*) the grants and other sums of money by way of loans paid to the Corporation by the Central Government under section 12,

(*c*) such additional grants if any, as the Central Government may make to the Corporation for the purposes of this Act, and

(*d*) such sums of money as may, from time to time, be realised out of repayment of loans made from the Fund or from interest on loans or dividends on investments made from the Fund.

(2) The moneys in the Fund shall be applied for—

(*a*) advancing loans and granting subsidies to State Governments on such terms and conditions as the Corporation may deem fit for the purpose of enabling State Governments to subscribe to the share capital of co-operative societies or for otherwise financing co-operative societies,

(*b*) meeting the pay and allowances of the officers and other employees of the Corporation and other administrative expenses of the Corporation, and

(*c*) carrying out the purposes of this Act

(3) All moneys in the Fund shall be deposited in the Reserve Bank or the State Bank

14 Returns and reports—(1) The Corporation shall furnish to the Central Government at such times and in such form and manner as may be prescribed or as the Central Government may direct, such returns and statements and such particulars in regard to the discharge of its functions under this Act as the Central Government may, from time to time, require.

(2) Without prejudice to the provisions of sub-section (1), the Corporation shall, as soon as possible, after the end of each year, submit to the Central Government a report, in such form and manner and before such date as may be prescribed, giving a true and full account of its activities, policy and programme during the previous year

(3) A copy of the report received under sub-section (2) shall be laid before both Houses of Parliament

15. Directions by Central Government—In all matters including matters of policy, the Corporation shall be guided by such directions as may be given to it by the Central Government.

16. Submission of programme of activities and financial estimates—(1) The Corporation shall prepare before the commencement of each year a statement of programme of its activities during the forthcoming year as well as a financial estimate in respect thereof

(2) A statement prepared under sub-section (1) shall, not later than three months before the commencement of each year, be submitted to the Central Government for approval.

17 Accounts of Board and audit—(1) The Corporation shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Comptroller and Auditor-General of India

(2) The account of the Corporation shall be audited annually by the Comptroller and Auditor-General of India or any person authorised by him in this behalf and any expenditure incurred in connection with such audit shall be payadle by the Corporation

(3) The Comptroller and Auditor-General of India and any person authorised by him in connection with the audit of the accounts of the Corporation shall have the same rights, privileges and authority in connection with such audit as the Comptroller and Auditor-General has in

connection with the audit of Government accounts and in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any office of the Corporation

(4) The accounts of the Corporation certified by the Comptroller and Auditor-General of India or any other person authorised by him in this behalf together with an audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before both Houses of Parliament

18 Vacancies, etc , not to invalidate acts and proceedings of the Corporation—No act or proceeding of the Corporation shall be invalid by reason only of the existence of any vacancy among its members or any defect in the constitution thereof

19. Delegation—The Corporation may, by general or special order in writing, delegate to the Chairman or the Vice-Chairman or any other member or any officer of the Corporation subject to such conditions and limitations if any, as may be specified in the order such of its powers and functions under this Act as it may deem necessary.

20. Declaration of fidelity and secrecy—Every member, auditor, officer or other employee of the Corporation shall, before entering upon his duties make a declaration of fidelity and secrecy in the form set out in the Schedule

Dissolution of Corporation—(1) The Central Government, if it is of opinion that the Corporation has failed to carry out its functions under this Act or that for any other reason it is not necessary to continue the Corporation, may, by notification in the Offical Gazette, dissolve the Corporation from such date as may be specified in the notification

(2) When the Corporation is dissolved under sub-section (1),—

(a) all members of the Corporation shall from the date of dissolution, vacate their offices as such members,

(b) all powers and duties of the Corporation shall, as from the date of dissolution, be exercised and performed by the Central Government or such person or persons as the Central Government may appoint in this behalf,

(c) all moneys and other properties of the Corporation shall vest in the Central Government

22. Power to make rules —(1) The Central Government may, by notification in the Official Gazette, make rules to carry out the purposes of this Act

(2) Without prejudice to the generality of the foregoing power, such rules may provide for —

(*a*) the manner in which representatives of the Central Government shall be nominated under clause (*i*) of sub-section (3) of section 3 ,

(*b*) the zonal basis on which non-officials may be recommended under sub-clause (*c*) of clause (*v*) of sub-section (3) of section 3 ,

(*c*) the manner in which the Chairman and the Vice-Chairman of the Corporation shall be chosen ,

(*d*) the term of office of members of the Corporation and the manner of filling vacancies among them ,

(*e*) the methods of appointment, the conditions of service and the scale of pay of the Secretary to the Corporation ,

(*f*) the manner in which the members shall be nominated under clause (*b*) of sub-section (1) of section 10 and the manner in which the Vice-Chairman of the Executive Committee shall be nominated under clause (*b*) of sub-section (2) of that section ,

(*g*) the returns, statements and other particulars in regard to the discharge of its functions to be furnished by the Corporation to the Central Government ,

(*h*) the form and the manner in which, and the time within which, the Corporation shall furnish to

the Central Government returns, statements and other particulars with regard to the discharge of its functions ,

(*i*) the form and the manner in which, and the time within which, the Corporation shall furnish to the Central Government a report of its activities, policy and programme ,

(*j*) any other matter which has to be, or may be, prescribed.

(3) Every rule made under this section shall be laid as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be , so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

23 Power of Corporation to make regulations —(1) The Corporation may, with the previous sanction of the Central Government, by notification in the Official Gazette, make regulations not inconsistent with this Act and the rules made thereunder, to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for —

(*a*) the manner in which meetings of the Corporation, the Executive Committee and other committees thereof shall be convened, the fees for attending such meetings and the procedure to be followed thereat ,

(*b*) the methods of appointment, the conditions of service and the scales of pay of the officers (other than the Secretary) and other employees of the Corporation ,

(*c*) the duties and conduct of officers and other employees of the Corporation , and

(*d*) any other matter in respect of which the Corporation is empowered or required to make regulations under this Act.

(3) The Central Government may, by notification in the Official Gazette, rescind any regulation which it has sanctioned and thereupon the regulation shall cease to have effect.

24. Repeal and saving —(1) With effect from the date on which the Corporation is established under section 3, the Agricultural Produce (Development and Warehousing) Corporations Act, 1956, (28 of 1956) shall, in so far as it relates to the National Co-operative Development and Warehousing Board, stand repealed.

(2) Notwithstanding such repeal —

(*a*) all moneys and other securities belonging to the National Co-operative Development Fund which, immediately before the said date, was maintained by the National Co-operative Development and Warehousing Board established under the repealed Act (hereinafter referred to as the said Board), shall stand transferred to, and be maintained by, the Corporation established under section 3 of this Act ,

(*b*) all moneys and other securities belonging to the National Warehousing Development Fund which, immediately before the said date, was maintained by the said Board under the repealed Act, shall stand transferred to and be maintained by the Central Warehousing Corporation ,

(*c*) all shares in the capital of the Central Warehousing Corporation held by the said Board shall

stand transferred to the Central Government subject to the same liabilities as to payment of unpaid calls on such shares as the said Board was subject to ,

(*d*) anything done or any action taken (including any loan advanced, subsidy granted and appointment, delegation, rule or regulation made) under the repealed Act shall, in so far as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under this Act , and

(*e*) all rights, liabilities and obligations of the said Board, whether arising out of any contract or otherwise, shall be the rights, liabilities and obligations respectively of the Corporation established under section 3 of this Act

THE SCHEDULE

(*See* section 20)

DECLARATION OF FIDELITY AND SECRECY

I declare that I will faithfully, truely and to the best of my judgment, skill and ability execute and perform the duties which are required of me as a member, officer, employee or auditor (as the case may be) of the National Co-operative Development Corporation and which properly relate to the office or position in the said Corporation held by me

I further declare that I will not communicate or allow to be communicated to any persons not legally entitled thereto any information relating to the affairs of the said Corporation nor will allow any such persons to inspect or have access to any books or documents belonging to, or in the possession of, the Corporation and relating to the business of the Corporation.

Signature

Signature

Signature

Signed before me

Date

R C S SARKAR,
Secretary to the Government of India.